



# State of Utah

*School and Institutional*  
TRUST LANDS ADMINISTRATION

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~~S/015/076~~  
S/015/040  
MIRACLE ROCK

April 28, 1998

Fremont Corporation  
C/O Lia Clark  
P.O. Box 658  
St. George, Utah 84771

Re: Multiple Mineral Development Area, Metalliferous Minerals Lease ML-43260  
DOGM # S/015/076

Dear Lessee:

On April 17, 1998, pursuant to R850-20-2500, the Board of the School and Institutional Trust Lands Administration designated the lands encompassed by the above referenced mineral lease as a Multiple Mineral Development Area ("MMDA") to ensure maximum development of all resources located within the MMDA.

As a result of the MMDA designation the School and Institutional Trust Lands Administration (the "Trust Lands Administration") is authorized to impose any reasonable requirements upon the mineral lessees within the MMDA. Furthermore, activities within the MMDA are to be deferred until the agency has specified the terms and conditions under which the mineral activity is to occur and has granted specific permission to conduct the activity.

A potential conflict appears to exist between your proposed mining operation and that of other mineral lessees within the MMDA. Consequently, on April 23, 1998, in order to determine if special terms and conditions should be imposed on lessee within the MMDA, a cursory surface examination was made of the proposed mine site. It appears that the proposed mine site is located at the site of an abandoned and closed coal mine in the geological formation of the Ferron Sandstone member of the Mancos Shale. The surface examination revealed no visual surface evidence of any metalliferous mineral deposits at proposed the mine site. Without evidence that a metalliferous mineral substance exists in commercial quantities within the material that has been identified for proposed mining the Trust Lands Administration cannot grant approval to commence mining. Furthermore, the Trust Lands Administration prohibits the mining of mineral substances that are not specifically defined in the lease agreement. Accordingly, evidence of the existence of commercially producible metalliferous minerals within the lease area will be required before the Notice of Intent to Commence Mining Operations ("NOI") can be approved.

If commercial deposits of metalliferous minerals exist at the proposed mine site, it is the position of the Trust Lands Administration that the mineral lessees subject to the MMDA designation voluntarily reach an agreement which will provide for simultaneous development of

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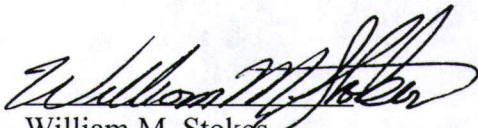
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the mineral resources. Accordingly, the Trust Lands Administration requests **Miracle Rock Mining & Research**, the lessee of clay lease ML-42844, **The Rockland Corporation**, the lessee of clay lease ML-42844-A, and Fremont Corporation, the lessee of metalliferous minerals lease ML-43260, to enter into a cooperative agreement which will allow for simultaneous development of the mineral resources included under each lease within the MMDA. It should be noted that any such cooperative agreement requires the approval of the Trust Lands Administration. If the parties fail to enter into a cooperative agreement which is acceptable the Trust Lands Administration within 60 days of the date of this letter, the Trust Lands Administration will implement stipulations to each lease agreement that will allow for the most prudent and economical recovery of the mineral assets from the lands within the MMDA.

The Trust Lands Administration will stay approval of your NOI until evidence is presented that commercially economic metalliferous mineral deposit exists at the proposed mine site and a cooperative agreement for mineral development is reached with the aforementioned lessees of other mineral commodities on the same lands.

If you have any questions please feel free to contact me at the address or phone number that is shown on this letterhead.

Sincerely,



William M. Stokes  
Minerals Resource Specialist

cc: Mr. H. Michael Keller, Van Cott, Bagley, Cornwall & McCarthy  
Tony Gallegos, DOGM